

# **FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)**

## **FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)**

### **APPEAL DECISION**

*FEMA Flood Insurance Appeal Decision #B10*

## **OVERVIEW**

---

The policyholder filed an appeal in April 2019, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied part of his claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising in February 2019.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholder had \$80,000 in building coverage and \$40,000 in personal property coverage.
- The insured building is a single-family, elevated dwelling with a basement. The building is post-FIRM (Flood Insurance Rate Map), located in special flood hazard area, zone AE.<sup>3</sup>
- The policyholder filed a claim for flood damage with the insurer and the insurer assigned an adjuster to inspect the property.
- The adjuster inspected the property in February 2019 and confirmed a general and temporary condition of flood existed on the reported date of loss. The adjuster and recorded an interior water line at approximately three inches in the basement and no exterior water line.
- The insurer issued the policyholder payment totaling \$6,860.11 for building damages.
- The insurer denied coverage for building and personal property items located in the basement due to post-FIRM elevated building limitations. The insurer also denied coverage for water remediation and mitigation.
- The policyholder appeals the insurer’s denial. In support of the appeal the policyholder submits two invoices from a remediation and restoration company.

## **RULES**

---

A basement is defined as any area of the building, including any sunken or a portion of a sunken room, having its floor below ground level (subgrade) on all sides.<sup>4</sup>

---

<sup>1</sup> See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> The policyholder files this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholder’s claim. The policyholder’s appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

<sup>3</sup> For more information about flood zones, please see <https://www.fema.gov/glossary/flood-zones>.

<sup>4</sup> See SFIP (II)(A)(5).

The SFIP provides limited coverage for building and personal property items located in an enclosure below the lowest elevated floor of a post-FIRM elevated building in zone AE or in a basement, regardless of the zone.<sup>5</sup>

The SFIP will pay reasonable expenses for water extraction, dehumidifier, fan rental, and mildewcide, and anti-microbial application. When generators, negative air movers, air filtering equipment, personal protection equipment, and any other equipment and associated labor are needed for the removal of damaged building material, cleaning, or the application of mildewcide (when it is directly caused by or from flood), they are considered included in the unit price for the material removal, cleaning, or mildewcide application.<sup>6</sup>

## ANALYSIS

---

The policyholder appeals the denial of coverage for building and personal property items in the basement and the water remediation costs.

The SFIP defines a basement as any area of the building, including any sunken or a portion of a sunken room, having its floor below ground level (subgrade) on all sides. The SFIP provides limited building and personal property coverage for items located in an enclosure below the lowest elevated floor of a post-FIRM elevated building in zone AE or in a basement.

Here, the policyholder believes basement limitations should not apply because he believes he purchased coverage for a “finished” basement. During the inspection, the adjuster discovered the lower level had a “walk-out” door, which had been dug-out with retaining walls on both sides of the door. The adjuster also noted that the exterior ground was above the basement floor on all sides, making the lower level a basement by the SFIP’s definition.<sup>7</sup> Although the insured property has a finished lower level with a walkout door, the adjuster determined that all sides of the lower level are below ground and therefore considered a basement. Because the SFIP limits building and personal property coverage for items located in an enclosure below the lowest elevated floor or basement, regardless of the zone, FEMA’s review finds the insurer properly applied coverage limitations to the insured property.

The SFIP will pay reasonable expenses for water extraction, dehumidifier, fan rental, and mildewcide and anti-microbial application. When generators, negative air movers, air filtering equipment, personal protection equipment, and any other equipment and associated labor are needed for the removal of damaged building material, cleaning, or the application of mildewcide (when it is directly caused by or from flood), they are considered included in the unit price for the material removal, cleaning, or mildewcide application. With their appeal, the policyholder submits invoices from a remediation and restoration company. These invoices are not itemized. The insurer paid for water extraction, dry out, anti-microbial, dumpster rental, the replacement of insulation, unfinished drywall, and a service call for the furnace. The insurer did not include non-covered charges submitted by the contractor. The insurer did not provide coverage for content manipulation, tearing out baseboards, shoe-molding, cabinetry, trim-boards, carpet cleaning, or separate charges for equipment decontamination, personal protective equipment, or

---

<sup>5</sup> See SFIP (III)(A)(8), (III)(B)(3).

<sup>6</sup> See FEMA Bulletin w-13025.

<sup>7</sup> See Appeal File, Final Report.

charges for bagging wet material because these items are covered in the mitigation charges. FEMA's review finds the insurer correctly denied non-covered mitigation charges.

Based on the review of the claim file, FEMA's review finds that the insurer correctly denied coverage for building and personal property located in the basement and non-covered mitigation items.

## **CONCLUSION**

---

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny damage in the basement.